

15Q - PENSION OBLIGATION BOND AMORTIZATION

Operational Summary

Description:

To record the use of the County's investment account held by the Orange County Retirement System (OCERS) for normal and unfunded accrued actuarial liability (UAAL) costs.

In 1994 taxable Pension Obligation Bonds were sold to finance the County's UAAL obligation. The County deposited \$318.3 million in an investment account held by OCERS. The investment account is a part of the OCERS investment pool and as such earns the same rate of return.

The investment account was initially used to make annual payments to satisfy the County's UAAL obligation according to a 15-year amortization schedule in lieu of County cash contributions; however, in 1996 the County and OCERS concluded an agreement by which the UAAL is amortized according to a 28-year schedule and the investment account is used to pay an annually declining portion of the County's normal cost obligation.

At a Glance:

Total FY 2003-2004 Projected Expend + Encumb:	33,312,048
Total Recommended FY 2004-2005 Budget:	11,185,057
Percent of County General Fund:	N/A
Total Employees:	0.00

Strategic Goals:

- Use of the County's investment account in the Orange County Employees Retirement System to mitigate cash contributions for normal and unfunded accrued actuarial pension costs.

Budget Summary

Proposed Budget and History:

Sources and Uses	FY 2002-2003 Actual	FY 2003-2004 Budget As of 3/31/04	FY 2003-2004 Projected ⁽¹⁾ At 6/30/04	FY 2004-2005 Recommended	Change from FY 2003-2004 Projected	
					Amount	Percent
Total Revenues	39,464,187	16,000,000	33,312,048	11,185,057	(22,126,991)	-66.42
Total Requirements	38,914,262	16,000,000	33,312,048	11,185,057	(22,126,991)	-66.42
Balance	549,925	0	0	0	0	0.00

(1) Requirements include prior year encumbrances and expenditures. Therefore, the above totals may not match FY 2003-2004 projected requirements included in "At a Glance" (Which exclude these).

Detailed budget by expense category and by activity is presented for agency: Pension Obligation Bond Amortization in the Appendix on page 582.

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Summary of Proposed Budget by Revenue and Expense Category:

Revenues/Appropriations	FY 2002-2003 Actual	FY 2003-2004 Budget As of 3/31/04	FY 2003-2004 Projected ⁽¹⁾ At 6/30/04	FY 2004-2005 Recommended	Change from FY 2003-2004 Projected	
					Amount	Percent
Revenue From Use Of Money And Property	\$ (3,336,702)	\$ 9,500,000	\$ 20,202,048	\$ 11,185,057	\$ (9,016,991)	-44.63%
Reserves	42,800,889	6,500,000	13,110,000	0	(13,110,000)	-100.00
Total Revenues	39,464,187	16,000,000	33,312,048	11,185,057	(22,126,991)	-66.42
Other Charges	38,914,262	16,000,000	33,312,048	0	(33,312,048)	-100.00
Reserves	0	0	0	11,185,057	11,185,057	0.00
Total Requirements	38,914,262	16,000,000	33,312,048	11,185,057	(22,126,991)	-66.42
Balance	\$ 549,925	\$ 0	\$ 0	\$ 0	\$ 0	0.00%

(1) Requirements include prior year encumbrances and expenditures. Therefore, the above totals may not match FY 2003-2004 projected requirements included in "At a Glance" (Which exclude these).